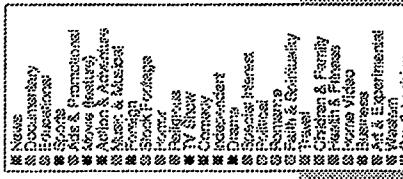
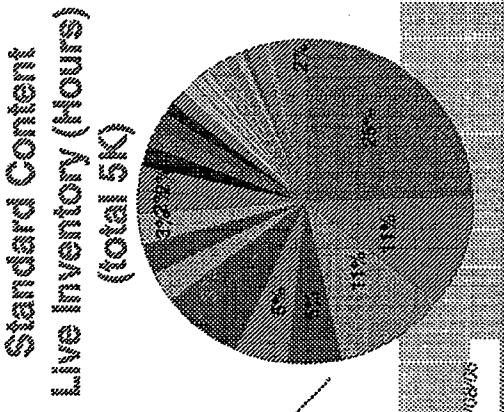
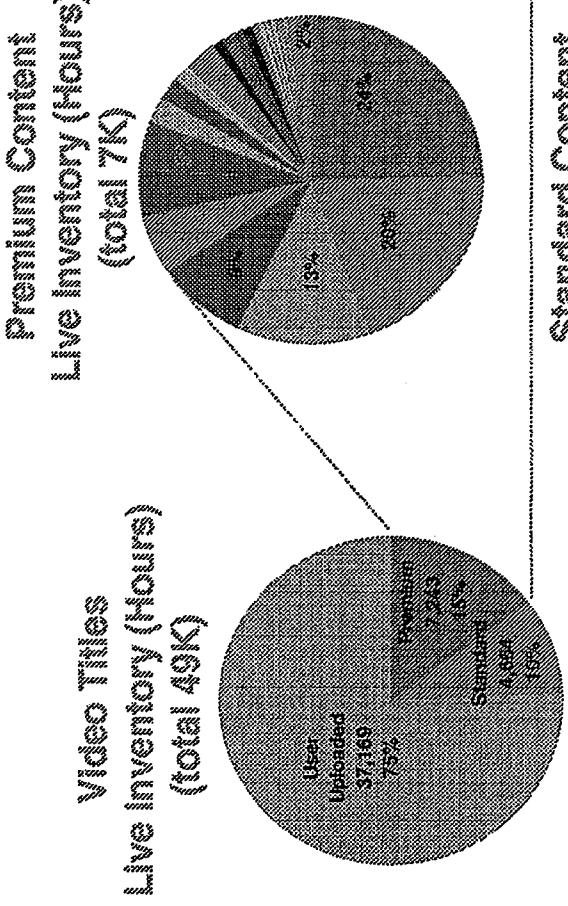
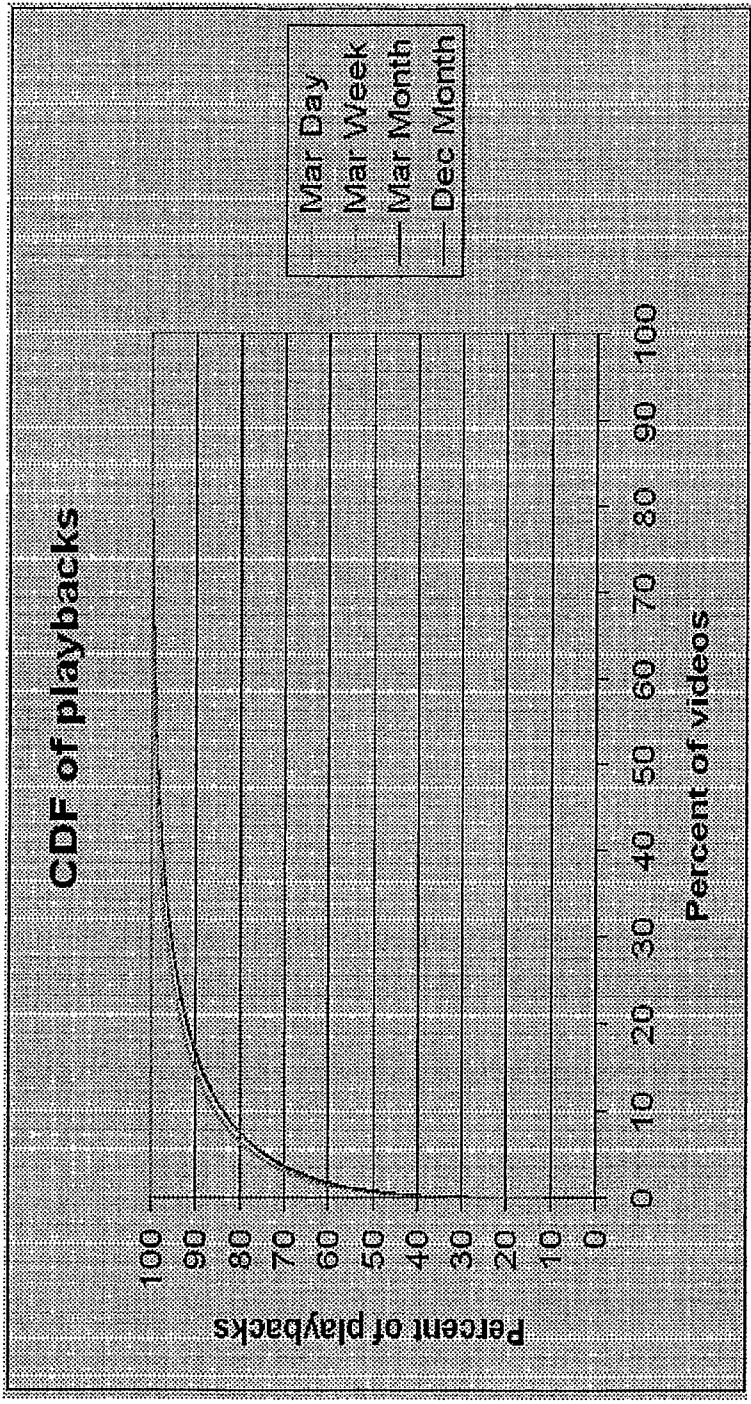


News, sports, educational and documentary videos make up the majority of partner content by duration



Sources: Content stats from VSFDB, Traffic stats from VSDS, Google

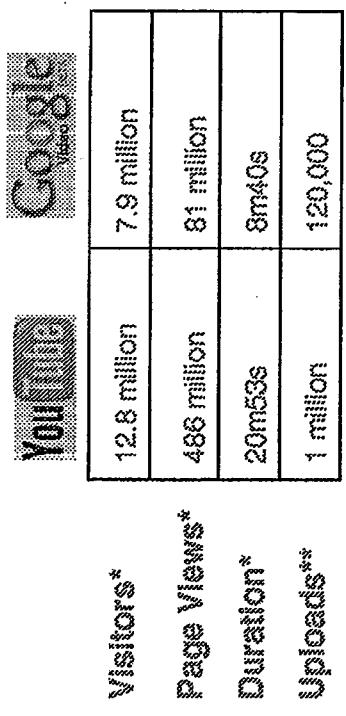
Usage data indicates that it is not the sheer number of video titles that drives playback, but the quality of videos



Files	Playbacks	Files	Playbacks
Top 10 videos	8.5%	Top 10% of videos	83%
Top 20 videos	10.8%	Top 20% of videos	32%

How is Google Video doing?

- YouTube is getting more traffic and engagement than Google Video today. In March 2006*:



	YouTube	Google Video
Visitors*	12.8 million	7.9 million
Page Views*	486 million	81 million
Duration*	20m53s	8m40s
Uploads**	1 million	120,000

- Qualitative research in 4 countries reveals the reasons behind this:

- YouTube is designed around the viral video experience. It is clear what the site is about, it promotes uploading, and it makes it easy to browse video categories
- YouTube promotes its viral and community features above all else
- YouTube's content is all free, and much of it is highly sought after pirated clips

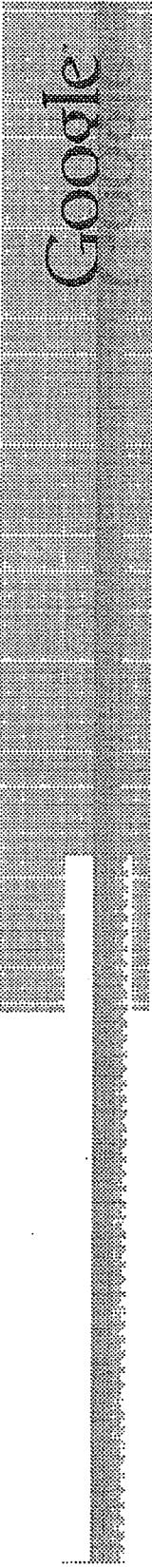
* Source: Nielsen/NetRatings May 6, 2006; YouTube's [YouTube](http://YouTube.com) could be visited by RSS readers during the site

**Source: Company reports

How has International usage differed? What are the learnings?

International: We have to avoid being US-centric since more usage comes from outside the US, where there are big differences in taste and consumption across different countries

- 63% of our playbacks and 40% of our uploads come from outside the US
- Large fraction of videos have large majority of playbacks from a single country (Potential takeaway: different videos resonate in different countries)
- Playback and support for premium vs. user-generated content varies significantly across different countries (Germany vs. Spain)
- Most of the non-US top videos have titles/descriptions not legible in English
- Top videos in non-US countries typically don't get big US viewership



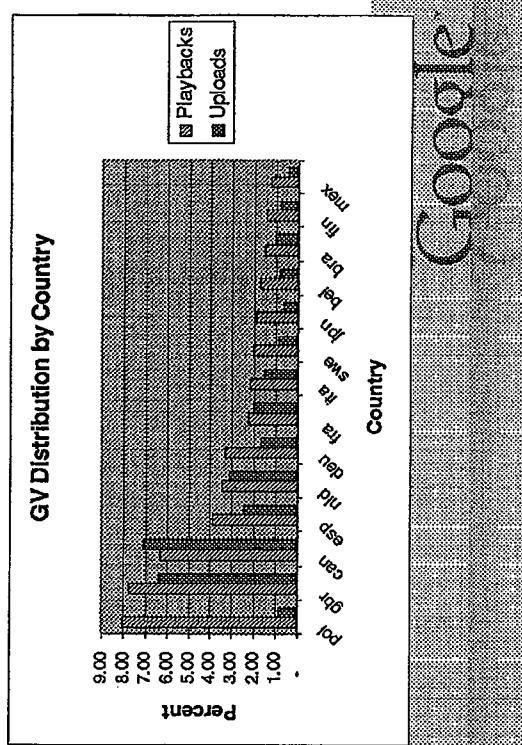
Google Video internationally

- Europe lags the US in internet video usage, but is quickly catching up. No site has yet built a pan-European presence
 - Google Video receives 30% of playbacks from top 7 EU countries
 - Qualitative research reveals interest in premium content varies by country. People in countries with lower internet video usage (Germany, France) tend to seek premium over user-generated content

	Number of Internet users (millions)	Internet users who use video (1 month (%)
UK	35	13%
ES	13	27%
FR	25	15%
DE	46	7%
USA	200	46%

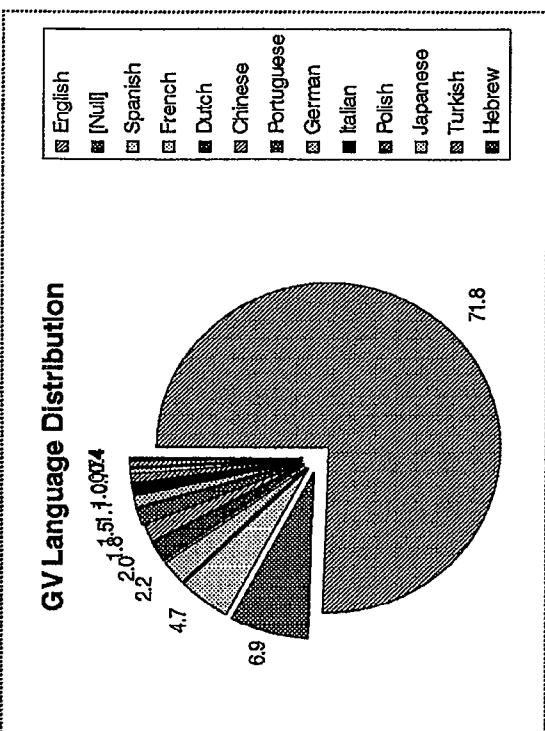
Sources: Nielsen NRS (Dec 2005), EIAA Mediscape (Feb 2006), Online Publishers Association (April 2005), Morgan Stanley (April 2006)

- Google Video became an “international product,” even before localized versions were launched
 - 63% of playbacks and 40% of uploads come from outside the US today
 - GV’s top 10 countries are all western countries. This could be because our uploader and indexing does not fully support CJK characters yet



Google Video internationally (cont'd...)

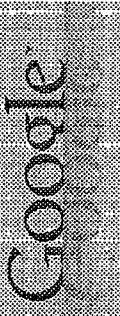
- Videos in the index are still English-centric, despite the fact that 50% of playbacks come from non-English speaking countries
 - However, analysis shows that the most popular videos requested from non-English speaking countries still get enough playbacks to rise to “global” popularity status
 - This shows a strong demand exists for local content that we need to encourage
- Our top videos drive a disproportionate amount of traffic from outside the US
 - 30% of the top 200 videos in the GV index receive at least 70% of playbacks from just a single country
 - 56% of the top 200 videos receive the most playbacks from a non-US country



Rank	Title	Country
1	Loose change 2nd ed extra footage	usa
2	lady punch	72%
3	Amazing juggling	73%
4	Die Antwoord - Blng Blng (Official)	16%
5	Loose change 2nd edition	70%
6	Cosplay - Dark Phoenix X-MEN	13%
7	LeBron Chris Paul	36%
8	SO WE PWNED THIS FUNERAL TODAY: S	54%
9	Same	4%
10	Russia: Olympia	28%
11	George W. Bush	5%
12	WWE: The Rock vs. Eve (Official)	21%
13	Shane McMahon vs. John Cena	61%
14	John Cena vs. The Rock	43%
15	Elizabeth Cervantes Feb Team USA	14%

Important points to make somewhere in the deck:

- YouTube's business model is completely sustained by pirated content. They are at the mercy of companies not responding with DMCA requests. When they do (like CSPAN did with S. Colbert), they suffer
- The DMCA law could be overturned if the media industry engages in sustained lobbying efforts (it was written before the viral video craze took off), and it is risky to build an entire business model on this law. It is also not scalable to expand internationally since DMCA is a US law
- The YouTube business model is also not monetizable. They are an AdSense publisher, so we have a good sense of their rate of monetization: PV
- YouTube is going after one slice of the internet video market – funny, user-made videos. There are many more slices in the pie and GV should try to be the broadest possible index
- We need to continue CBG support for video internationally b/c we don't have good ad monetization solutions yet, and some content producers will only distribute their content if they can sell it
- There is a big market for high quality premium content, but it is largely going to be shorter form, as opposed to 2 hour movies. Perhaps this means we should be working with media companies to get 2-4 minute funny clips from their shows. This will drive traffic, raise awareness of their TV shows (e.g., Lazy Sunday boosted SNL's ratings), and be very monetizable

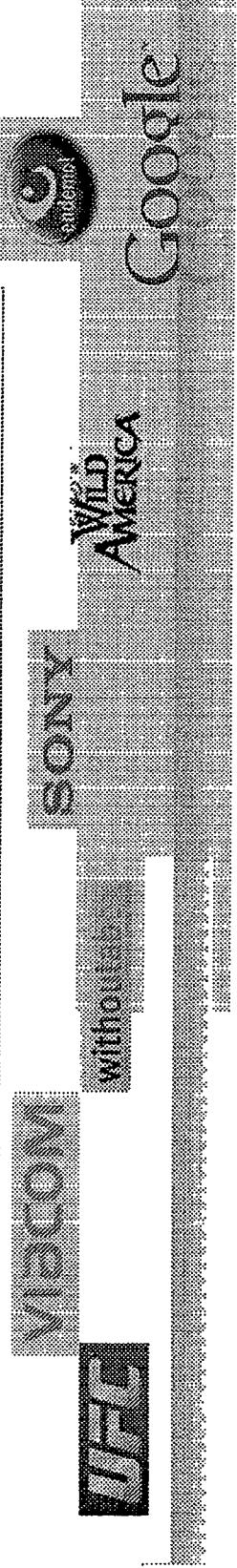


Content Acquisition Priorities

Content Acquisition Priorities

- **Maintain relationships w/ premium content owners and reset expectations**

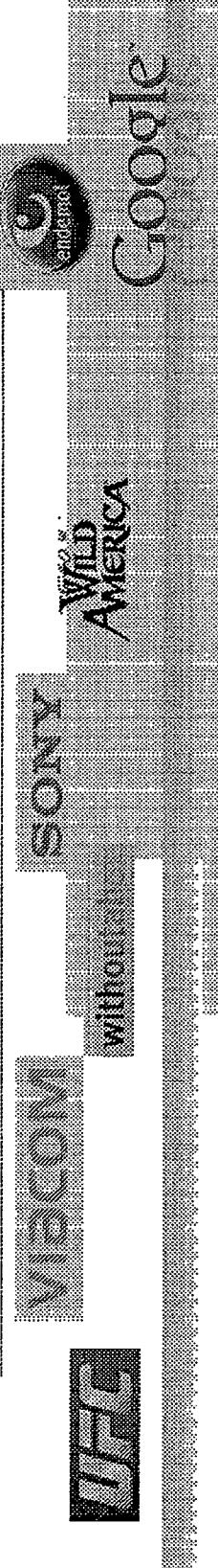
- Continue to push for DTO deals with current features, knowing that uptake will be limited
- For partners resisting DTO in current form:
 - Seek more free promotional content
 - Set up advertising and other monetization trials
- Reset expectations regarding DRM improvements this year
- Focus on one box integration, improved browser/search/promotion capabilities to come, and RSS to come
- Drive traffic through "event" programming
- Set up advertising and monetization trials for current DTO partners
- Differentiate based on our "respect for copyright"



Content Acquisition Priorities (Cont'd)

Content Acquisition Priorities

- Accelerate growth of "torso" content
 - * Health/Fitness (e.g., CareTALK)
 - * Educational (e.g., UCTV (Regents of University of California))
 - * Faith and Spirituality (e.g., Life Balance Media (LIME))
 - * Lifestyle/Arts (e.g., BlueHighwaysTV)
 - * Travel (e.g., Wilderness Films International)
 - * Children and Family (e.g., Sesame Street)
 - * Sports (e.g., Collegiate Images)
 - * Special Interest (e.g., WheelsTV)
 - * Other Niche Content (e.g., Bollywood films)
- Additional
 - * Secure more non-US and non-English language content deals with new partners
 - * Continue digitization efforts
 - * Consider university lectures pilot



What Features/Infrastructure Are Needed to Support Content Types?

Must-Have Product Features	
	<ul style="list-style-type: none"> • Home page promotion, branded pages • Browse by provider name • Ranking by video quality/premium partnership • Better search functionality • Fast upload with high service model • Tools for managing large amounts of content • Payment mechanism for DTO • Disconnected DRM and limited devices/downloads • Premium advertising option, control over advertising partners • Statistics on page view/playback/download/payment behavior and demographics by title
PREMIUM	<ul style="list-style-type: none"> • Search traffic from google.com • Search on provider and processed metadata including provider name • Multi-level granular brows • Featured areas to support standard partner content • Easy upload and takedown • Unified dashboard for tracking partners through file pipeline • Low-hassle digitization assistance • Payment mechanism for DTO • Advertising option to monetize e.g. text ads
TORSO	<ul style="list-style-type: none"> • Easy upload from web page • User tagging, refining, voting, send-to-friend, myspace integration • Popularity metrics
USER-GENERATED	<p>Source: Standard team feedback, BizOps analysis</p> 

How we plan to boost torso content

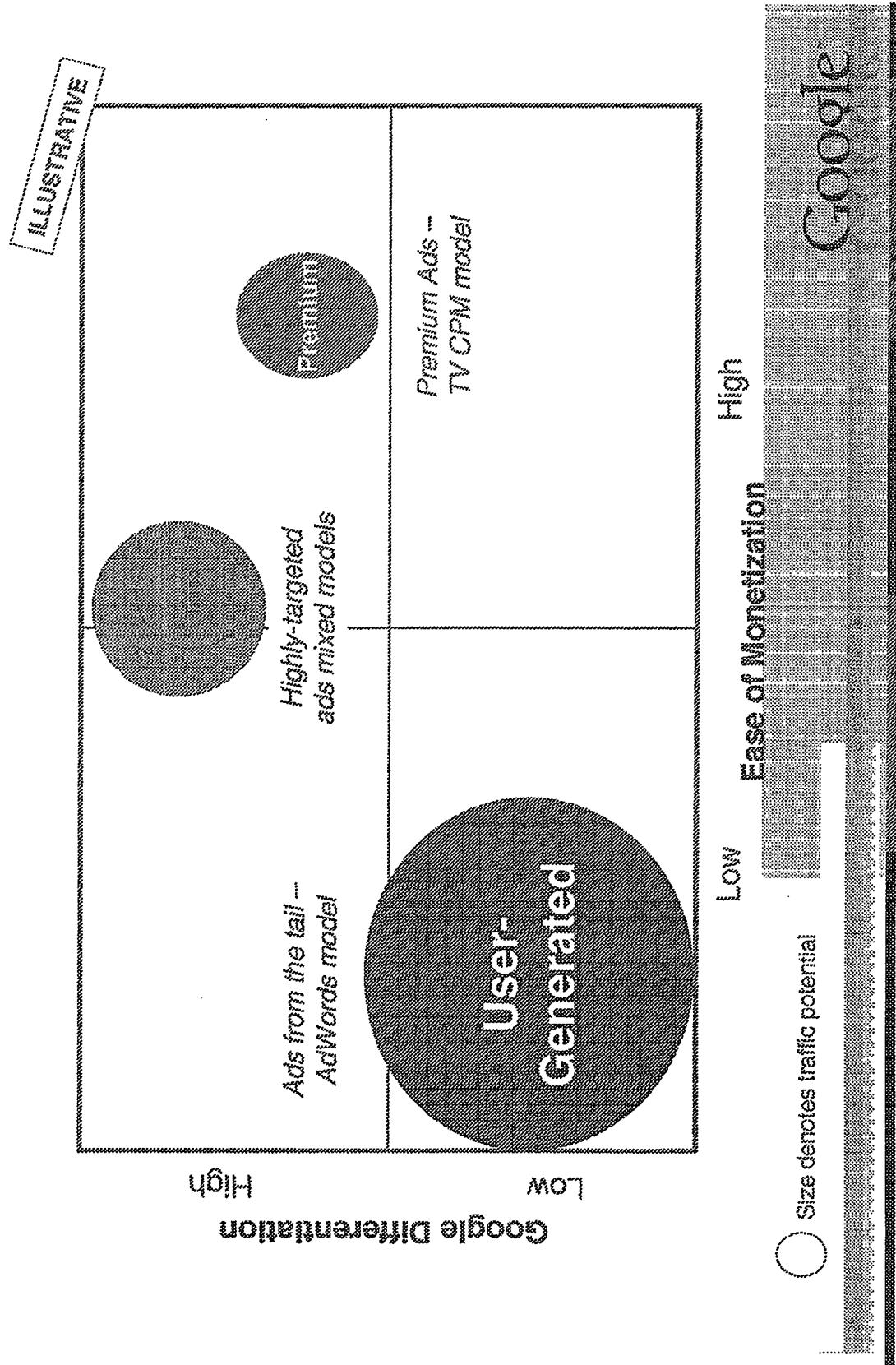
INCREASED CONTENT ACQUISITION TEAM ACTIVITY

- » Increased staffing in standard team (42 FTEs)
 - Faster response to user enquiries
 - Accelerated sign-up and upload of content
 - Capacity for proactive outreach
- » Identify new target torso content owners
 - Existing online video: Glengary tool
 - In-house tool for PGSO identifies web sites with online video files; sorts by quantity of video, by vertical
 - Largely unutilized so far while partner team has been in reactive mode; untapped resources with fast upload path
 - Video not yet online: Business Census (in US); regional targeting (outside US)
 - Prioritization of key verticals & functions with propensity to make video, sufficient revenues per firm
 - In-country Groups charged with identifying top XX target content providers and reaching out

IMPROVED PARTNER VIDEO EXPERIENCE

- » Better marketing of new torso content
 - Google Video Blog, Google Picks, Google Partner Pages
- » Improved product functionality: working browse and search (coming in Q2)
 - Increase partner satisfaction about visibility of content
 - Increase traffic to partner videos
 - Positive marketing message and references
- » Future product functionality (later in 2008)
 - Localized versions of video.google.com homepage and uploader tools
 - Translated metadata, descriptions for finding videos...
 - Option for monetization through text ads

Monetization Potential of Different Content Types



Video monetization possibilities

- Sponsored Video – requires high-touch premium content to premium advertiser matching – needs top content and TV-style CPMs to work

Starting state of ad frequencies as video gets longer	# of people interested in seeing video*	\$ amount adver't will pay	movie length (mins)	minutes per ad	# ads per stream	advertising cut to content owner	\$ value to content owner	\$ each advertiser pays
		CPM	Per stream					
911 Loose change	4,560,448	\$ 10.00	\$ 0.01	82	15	5	75%	\$ 171,017
Amazing Juggling	2,521,284	\$ 10.00	\$ 0.01	25	2	1	75%	\$ 18,909
Airbus build plane	412,772	\$ 10.00	\$ 0.01	7	3	2	75%	\$ 3,322
Octopus eats shark	201,412	\$ 10.00	\$ 0.01	2.5	2	1	75%	\$ 1,511
Jessica Simpson - These boots are made for walking!	10,000,000	\$ 10.00	\$ 0.01	4.1	2	2	75%	\$ 100,000

- Tip Jar – “busker” or “shareware” model may deliver strong incentives to user uploaders but nothing to corporate partners (Google would pass through all fees)

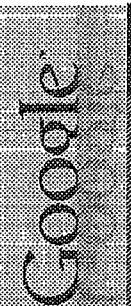
Tip Jar	# of people interested in seeing video*	Fraction who will tip	Average tip	\$ value to content owner	Rationale for tipping guesses
911 Loose change	4,560,448	5%	\$ 2.00	\$ 44,800	Big tip for charity or interest group; long highly-edited video, engaged viewers
Amazing Juggling	2,521,284	2%	\$ 0.50	\$ 25,212	Viewers impressed - see single beneficiary with talent
Airbus build plane	412,772	0.1%	\$ 0.02	\$ 8	Low tip rate - corporate promo video
Octopus eats shark	201,412	0.2%	\$ 0.25	\$ 1,007	Viewers impressed - see single beneficiary with good content
Jessica Simpson - These boots are made for walking!	10,000,000	0.10%	\$ 0.25	\$ 2,500	Low tip rate if it's thought tip goes to Sony

- Text ads – familiar Google technology accessible to smaller advertisers can monetize standard partner and user content (Google could keep a fraction of ad revenues)

Text ads with clickthroughs	# of people interested in seeing video*	CTR	CPA	movie length (mins)	minutes per ad group	# ads on screen at a time	# ads per stream	\$ value to content owner	\$ each advertiser pays	clicks each advertiser sees
911 Loose change	4,560,448	0.50%	\$ 0.25	82	15	4	20	75%	\$ 85,508	\$ 5,701
Amazing Juggling	2,521,284	0.50%	\$ 0.25	25	2	4	4	75%	\$ 9,455	\$ 3,152
Airbus build plane	412,772	0.50%	\$ 0.25	7	3	4	4	75%	\$ 3,036	\$ 516
Octopus eats shark	201,412	0.50%	\$ 0.25	2.5	2	4	4	75%	\$ 755	\$ 232
Jessica Simpson - These boots are made for walking!	10,000,000	0.50%	\$ 0.25	4.1	2	4	8	75%	\$ 53,888	\$ 12,500
										50,000

* based on April 2008 actual playbacks, (except Ms. Simpson)

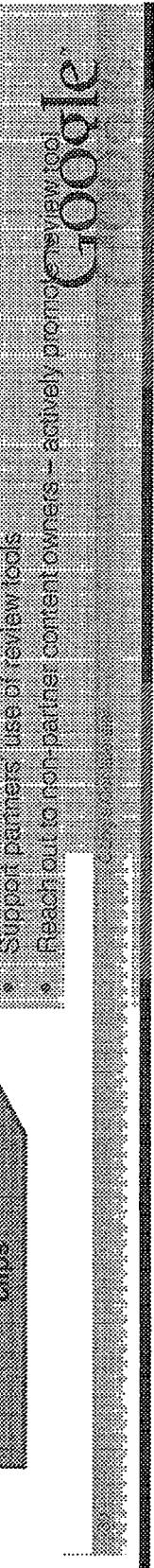
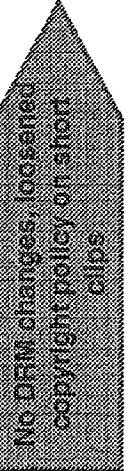
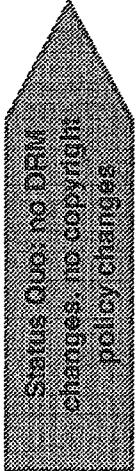
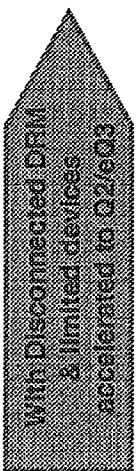
Source: Playbacks and movie length real data (except Ms. Simpson) across 1000+ Google AdWords



Decisions on copyright policy and product features will significantly impact the activities of the content team in 2006

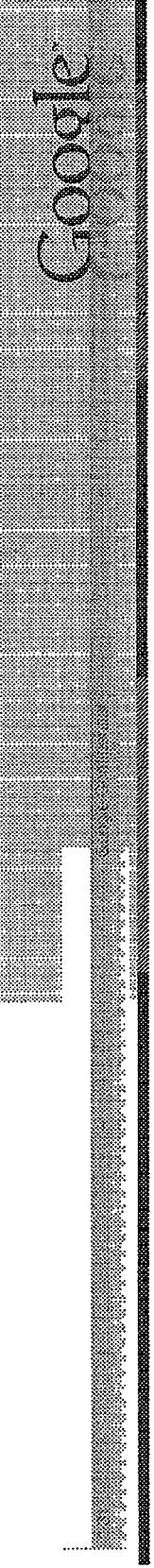
Priorities of content team

- Keep premium and standard teams separate
- Build premium relationships through multi-property deals
 - Engage premium partners in supporting crawl and metadata extraction efforts
- Seek multi-language support from existing premium partners
 - Engage premium partners on enabling viral clips
- Communicate to premium partners no material DFM improvements this year
 - Engage premium partners in sponsored content streaming ad test/deployment only – otherwise move premium team to standard content acquisition effort
 - Focus on securing non-US and non-English language content deals with new partners
 - Await improvements in search and browse to produce real data on user preferences to guide further partner content acquisition
- Increase staffing and/or resources to content acquisition, ops and legal teams to handle complaints and potential litigation
- Limit damage through public policy, investor relations, press and premium partner meetings
 - Support partners' use of review tools
 - Reach out to non-partner content owners – actively promote review tool



Potential results of changing copyright enforcement policies

- Likely acceptance among users (especially highly media-aware young demographic)
 - Higher traffic, higher profile as destination site
 - Increased uploads of user content as well as copyrighted content
 - Potential to monetize higher volume of traffic
 - Achieve OKRs on traffic and uploads
- Inability to independently gauge what kind of impact on traffic other options can have
 - Improvements in features and user experience
 - Modifying copyright protection through applying public pressure through increased collaboration with content owners and indirect pressure through press and public policy
- Some content owners sue Google
 - Diversion of management attention
 - Negative PR
 - Potential monetary damages
- Loss of trust from content providers
 - Reduced future access to content
 - Reduced willingness to partner with other Google properties
 - Reduced AdSense partnerships and revenues (not just in Video)
- Inconsistent with assertions in book search and library partner program for respecting copyrights
 - Press, public and potentially courts will see loosening of video standards as sign of overall approach to copyrights
- Loss of trust from advertisers
 - Wish to avoid negative associations
 - Reduced ad revenues



Speaker Notes Slide: 7
Offer GV distribution/promotional prowess to those who don't have scale

Speaker Notes Slide: 9

In addition to premium content, "torso" content presents opportunities for competitive differentiation
Leverage GV promotion, traffic, tools for professional content owners who don't have scale
Take advantage of more relaxed DRM requirements among this class of owners
Few competitors will have resources or expertise to identify and close large volumes of torso deals

Speaker Notes Slide: 12

"Everyone hates Chris" launch on GV - 9/23/05
iTunes launch with ABC - October, 2005
YouTube launch - February, 2005 (Not shown on timeline)
GV launch at CES - January 8, 2006
CBS puts programs on 3 platforms (comcast, satellite, gv) plus their own .com
iTunes announces 15 millionth video download (from email I sent from PaidContent estimating 700k iTunes sales/week) - Feb, 24, 2006
SNL "Lazy Sunday" puts YouTube on the map - episode aired December 17th, 2005. It attracted about 5 million online views before NBC asked that it be removed
AOL launches In2TV - 3/15/06
Yahoo says it's scaling back on original programming - March 2, 2006
MTV announces re-org, big plans new media distribution, (let's also see if we can find out when they acquired iFilm and when their show on VH1 taking clips from iFilm first aired) (background bullet on ~4 similar "clips shows" on air and 9 in development) - the iFilm acquisition was Oct. 14, 2006 for \$49 Million. The "Best of Web Video" TV show with VH1 first aired on Jan. 13, 2006.
CBS streams NCAA championships for free and reports it generated \$4mm in revenues mid March through end of March, 2006
FOX closes landmark deal with affiliates
NBC and affiliates form joint venture for new media distribution - April 19, 2006
GV announces initiative to digitize NARA content - 2/24/06
ABC announces ad supported streaming trial of top shows - announced April 10, 2006; trial is for May and June, 2006
MSN unveils new plans to create original programming - May 3, 2006
CBS InneTube - 5/4/06
Some bullet that speaks to tremendous growth rate/volume of user-generated content

Others? This is a lot already but skews toward the "head" content; we may need more "tail" bullets and more about "torso", e.g., GV announces initiative to digitize NARA content
Message we're trying to communicate: The market is very young but extremely fast-moving; premium content owners have really become more aggressive and open to experimentation; user-generated trend is huge

Speaker Notes Slide:

13
Overview of Google and our portfolio

Speaker Notes Slide: 24
Offer GV distribution/promotional prowess to those who don't have scale

Speaker Notes Slide: 25
Offer GV distribution/promotional prowess to those who don't have scale

Speaker Notes Slide: 26
Overview of Google and our portfolio

Speaker Notes Slide: 28
Overview of Google and our portfolio